



Dragon Sourcing

Your Tailored Approach to Emerging Markets

Sourcing Opportunities in *Malaysia*

Jan, 2020













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Executive Summary- Top Export Categories (1/2)

Category	Top Products	Export Value (2018) in USD Billion	Top Export Destinations	Import Duty into EU	Import Duty into US	No of Suppliers
Electrical & Electronic Equipment	Electronic Integrated Circuits	82	Singapore, China, US, Hong Kong, Japan	0-14% (0%- Capacitors, 14% electronic monitors)	0-8.5% (0%- Capacitors, 8.5% electronic storage parts)	
	Diodes/transistors					
	Television equipment					
Mineral Fuel and Oil	Petroleum gases	38	Japan, Singapore, S.Korea, Australia, India	Nil	Nil	
	Crude Petroleum oil					
Computer Hardware	Automatic data processing machines	2.6	China, US, Singapore, Netherlands, Thailand	Nil	Nil	
	Computer & office machine					
Palm Oil and Coconut Oil	Palm Oil	8.6	China, Pakistan, US, Netherlands, Japan	Nil	Nil	
	Coconut Oil					
Rubber	Natural rubber	0.9	China, US, Germany, Japan, UK	0-5% (0% Natural Rubber, 5% Syn Rubber Products)	0-14% (0% Natural Rubber, 14% Syn Rubber Products)	
	Rubber accessories for garment					
Chemical Products	Acyclic alcohols and their derivatives	9.3	China, India, Indonesia, Singapore, Japan, Thailand, US	0-6.5% (0%- Mannitol, 6.5%- finishing agent or dye carrier)	0-6.5% (0%- Glycerol, 6.5% dye carrier)	
	Binders for foundry molds					
Plastic Products	Plastic Packaging goods	6	China, Singapore, Indonesia, Japan, Hong Kong	Nil	Nil	
	Polymers of Ethylene					
Optical and Medical Equipments	Oscilloscope and spectrum analyzers	9.4	US, Japan, China, Singapore, Netherlands	0-6.7% (0% Spectrum Analyzer, 6.7% Production Meters)	0-16% (0% Spectrum Analyzer, 16% Production Meters)	
	Electro-medical apparatus					
Wood	Plywood	1.1	Japan, India, Taipei, Korea, China, US	Nil	Nil	
	Sliced wood					
Iron & Steel Products	Iron & steel screws, bolts, nuts, etc	3.2	Singapore, Thailand, US, Japan, Australia, Indonesia, Vietnam, India	0-7% (0% structures, 7% Butt welding fittings) Some items of screws, bolts and washers are subject to ADT 74.1%	0-12.5% (0% structures, 12.5%- some butt welding fittings)	
	Structures (rods, angle, plates)					

Legend



More than 100 suppliers



Between 50 & 100 suppliers



Less than 50 suppliers



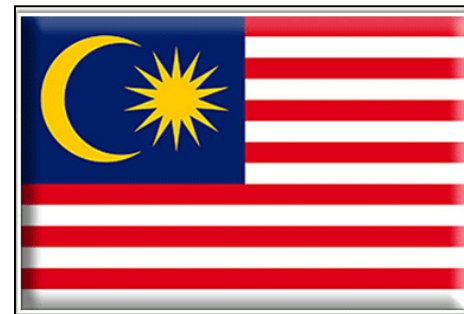
Sourcing Opportunities in Malaysia

MALAYSIA- MACRO ECONOMICS



Malaysia Overview

- **Malaysia is a federal constitutional monarchy in South East Asia that consists of 13 states and 3 federal territories spread in 2 separate regions: The Peninsular Malaysia and the Malaysian Borneo.**
 - + Estimated population of 32.6 million in 2019; 80% population is concentrated in the peninsula
 - + surface area equivalent to 1/6 of Indonesia area: ~329,847 km²
 - + a coastline equivalent to 1/3 of China coastline: ~4,675 km
 - + 0.37% of total land area is made up of water bodies such as lakes and rivers,
 - + Major states and the capital city are located in the Peninsula Malaysia



	Growth (2018)	Value (2018)
Gross Domestic Product	4.7%	USD 354.35 billion

Source: World Bank



Malaysia- Trade Agreements

Malaysia has several trade agreements in place to boost trade

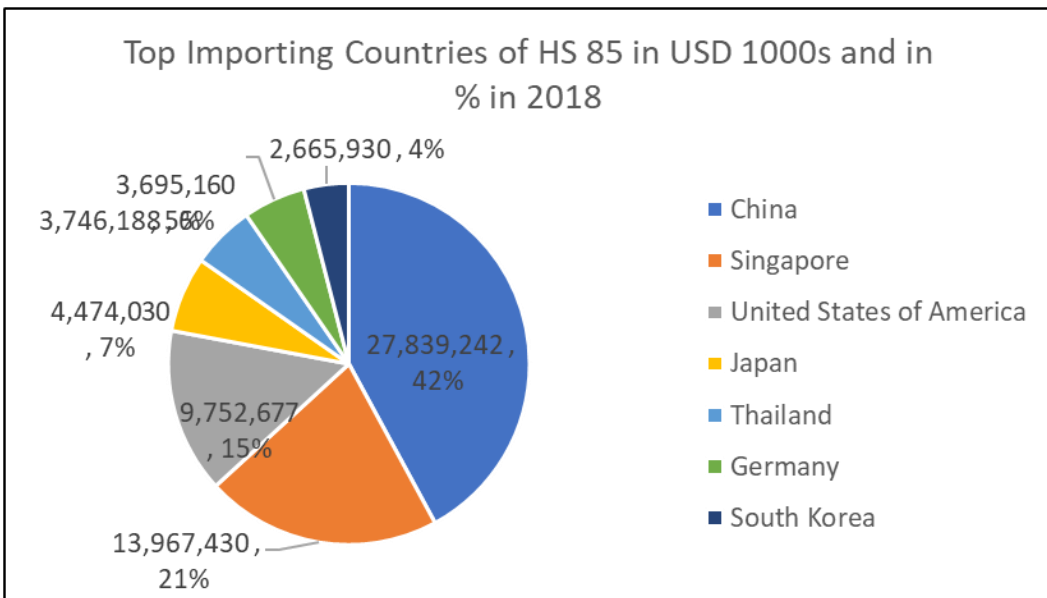
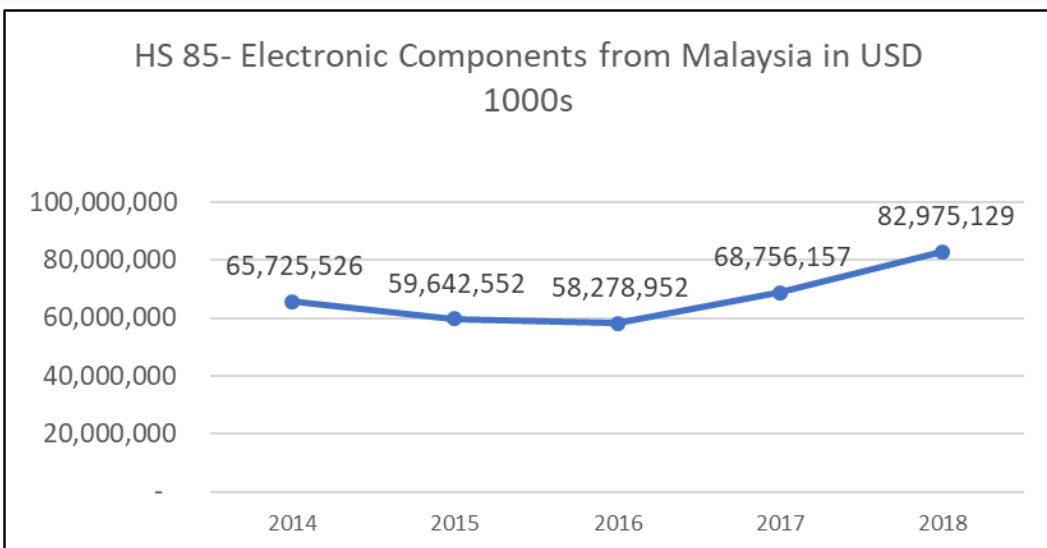
- + ASEAN member since 1961- Malaysian exporters take advantage of the economic scale on Common Effective Preferential Tariff (CEPT) scheme in ASEAN Free Trade Area (AFTA). Among the ASEAN countries, Singapore was the second largest importer, accounting for 12.7% of Malaysia's total export.
- + Malaysia is one of the Southeast Asia's biggest economies and trade with China has been growing for years. China has been Malaysia's largest importing partner for 10 consecutive years as on 2018 with a growth of 8.1%
- + Malaysia and Japan established the Malaysia-Japan Economic Partnership Agreement (MJEPA) which came into force on 13 July 2006 . MJEPA is Malaysia's first comprehensive Agreement covering: trade in industrial and agricultural goods, trade in services, investment, rules of origin, customs procedures, standards and conformance, intellectual property, competition policy, enhancement of business environment, safeguard measures and dispute settlement.
- + Negotiations for a Free Trade Agreement (FTA) between the EU and Malaysia were launched in 2010 and put on hold after seven rounds in 2012 at the request of Malaysia. A stocktaking exercise took place in 2016-17 to assess the prospect to resume negotiations. In the aftermath of the general elections in Malaysia in May 2018, the new government has yet to take a position on the possible resumption of negotiations
- + Malaysia and India established the Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) which came into force on 1 July 2011 . MICECA is a comprehensive agreement that covers trade in goods, trade in services, investments and movement of natural persons.



ELECTRICAL&ELECTRONIC EQUIPMENT



Electrical & Electronic Equipment (EEE)- Market Trends



Import duty of 0-14% is levied on EEE exports from Malaysia into Europe depending on the type of product . A rate of 0-8.5% is levied on imports into the US

Investments on EEE sub-categories such as: Semiconductor, Advanced display products, Information and Communication products, Digital Entertainment, Optoelectronic equipment, Electronic component, Alternative Energy Equipment, Energy Saving Lighting and Electrical products (Uninterruptible power supplies, inverters or converters) are provided with the Pioneer Status and the Investment Tax Allowance in which there is a partial exemption of income tax.

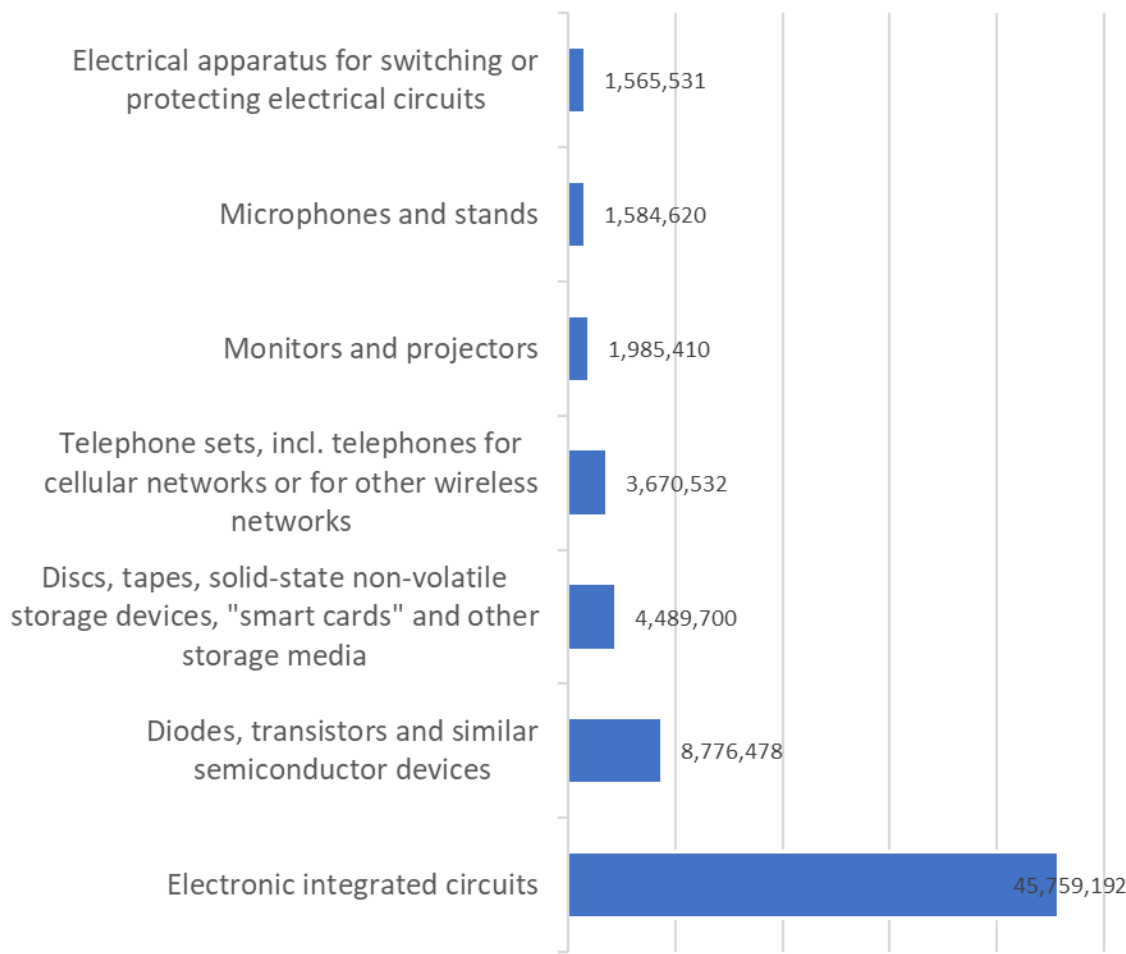
+ This policy is aimed to encourage more investment to EEE. Malaysian manufacturers are expected to improve competitiveness by supplying cheaper products as the production cost is decreases

Source: International Trade Centre



Electrical & Electronic Equipment (EEE)- Suppliers in Malaysia

Products under HS 85 exported from Malaysia in 2018 in
USD 1000s and in %



Source: International Trade Centre



Source: Dragon Sourcing Supplier Survey

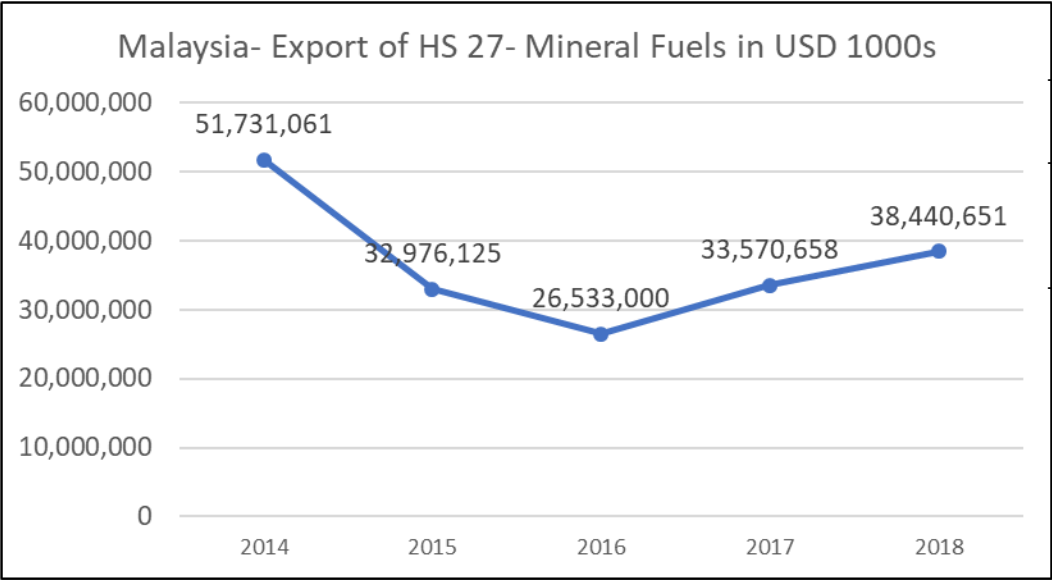
- DSL's initial research on suppliers listed in trade databases indicated a presence of around 1695 suppliers. Most of them are manufacturers, located throughout the country.
- There are many suppliers operating according to ISO 9001, ISO 14001, RoHS, HALAL.



PETROLEUM GAS



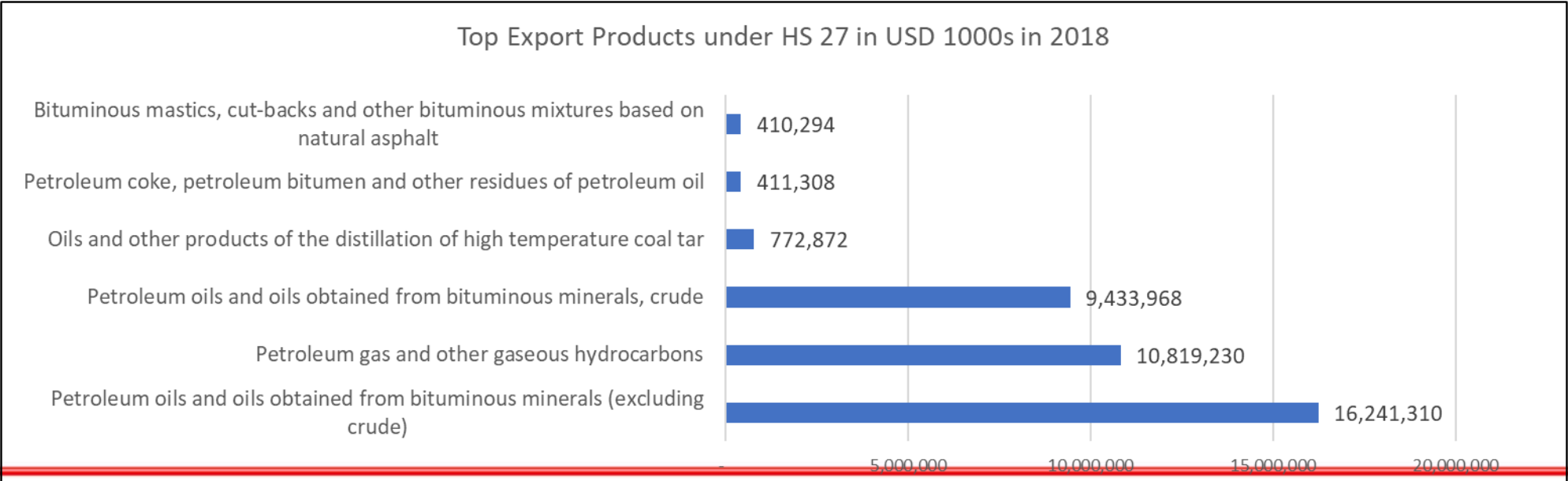
Petroleum Gas - Market Trends



No import duty is levied on Petroleum Gas exports from Malaysia into Europe and US

Malaysia produced 24.5 million tons of Petroleum Gas (HS 2711) in 2010. Its major partners are Japan, Singapore, Korea, Australia and India.

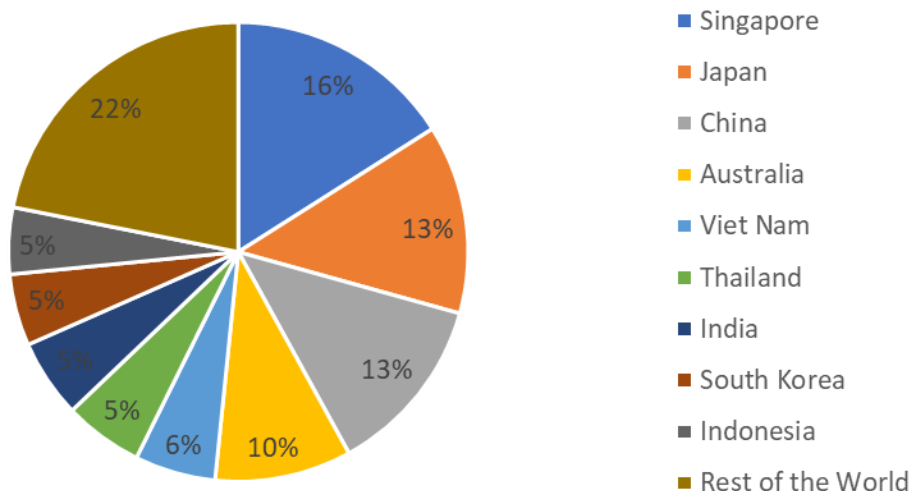
Malaysia is a significant oil and natural gas producer and is strategically located amid important routes for the seaborne energy trade. Gross natural gas production has been rising steadily, reaching 73 billion cubic meters in 2010, while domestic natural gas consumption has also increased steadily, reaching 31 billion cubic meters in 2010





Petroleum Gas - Suppliers in Malaysia

Top Importers of HS 27 Series from Malaysia in 2018 in USD 1000s



Source: International Trade Centre

Supplier Locations



Source: Dragon Sourcing Supplier Survey

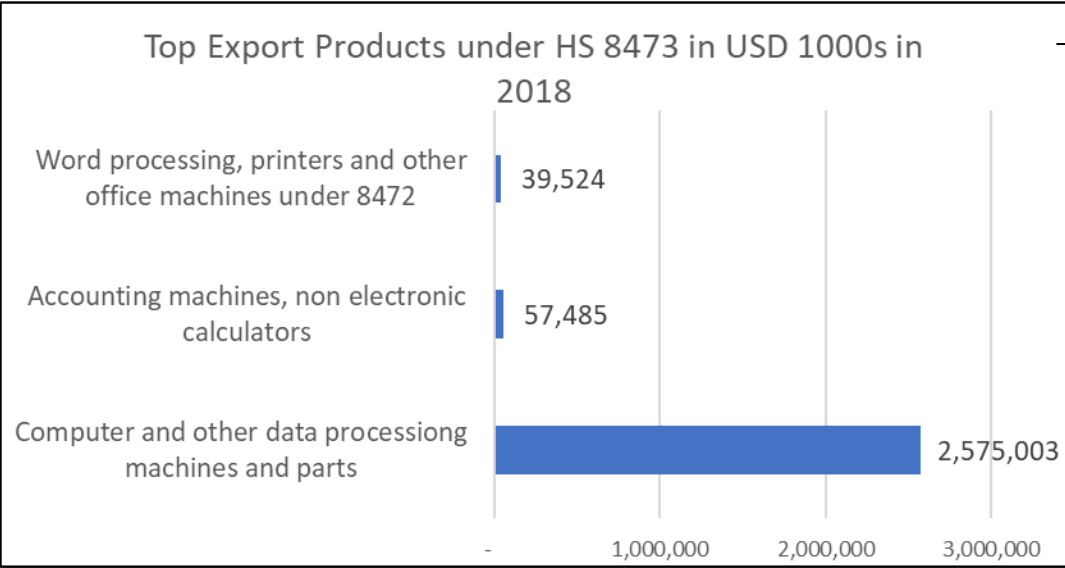
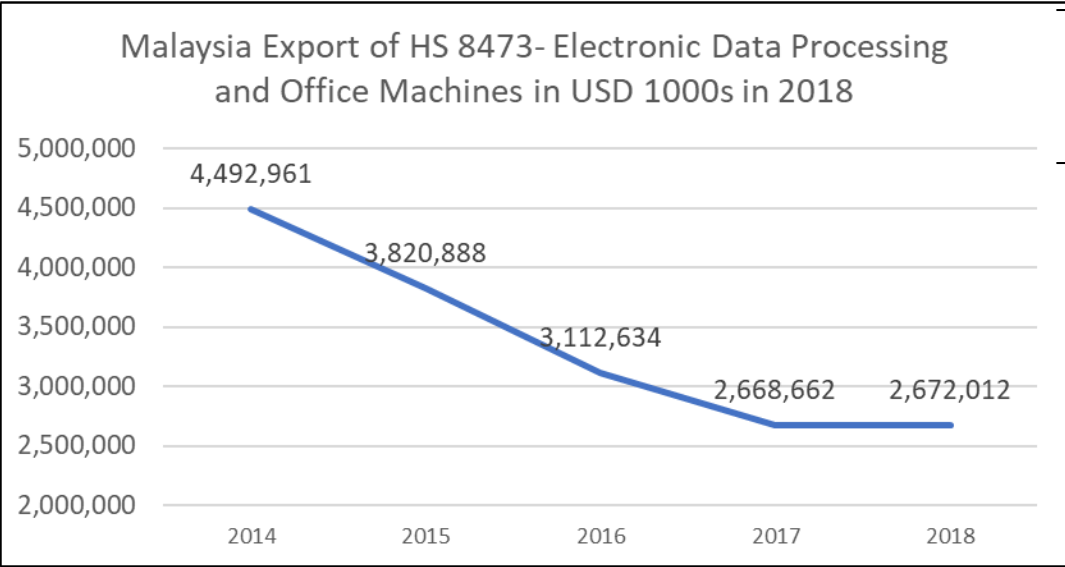
- DSL’s initial research on the suppliers listed in trade databases indicated a presence of around 785 suppliers, located throughout the country.
- Malaysia Oil and Gas exploration, production and processing activities owned and operation by The state-owned Petronas and by Joint Venture of Petronas and foreign Companies:



COMPUTER & OFFICE MACHINE



Computer and Office Machine- Market Trends



An import duty of 0-6.2% is levied on Machinery exports from Malaysia into Europe and 0-9.9% into US depending on the type of machinery

Industrial electronics consists of multimedia and information technology products such as computers, computer peripherals, telecommunication products and office equipment. Strong investment with growing new facilities establishment and expanding current capacities in this sub sector of Machinery will drive the industry to further success by bigger share in both Malaysia industry output and export.

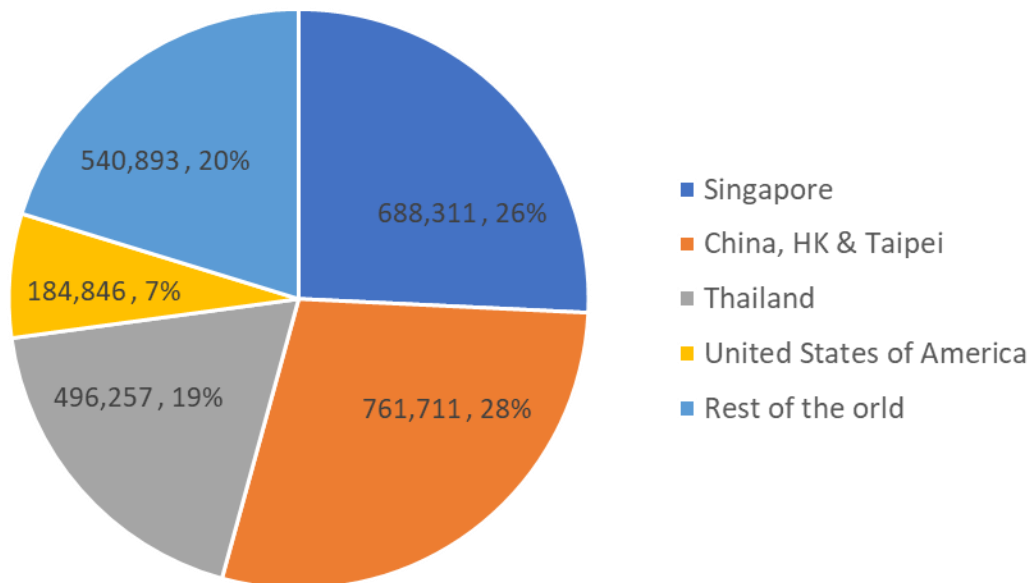
Investments on design, development and manufacture of Advanced Electronics and Computing including High density modules or system; Advanced display; Data storage devices or systems; Information and telecommunication products; Digital entertainment or infotainment products; Electronic machines, equipment, system or devices, etc are covered under the **Pioneer Status** and the **Investment Tax Allowance** in which there is a exemption of income tax or an Investment Tax Allowance.

Source: International Trade Centre



Computer and Office Machine- Suppliers in Malaysia

Top Importers of HS 8473 Series from Malaysia in 2018 in USD 1000s and in %



Source: International Trade Centre

- DSL's initial research on the suppliers listed in trade databases indicated a presence of around 376 suppliers, located mostly in the Malaysia Peninsula.
- The Government provides Reinvestment Allowance (RA) to existing companies engaged in manufacturing, and selected agricultural activities that reinvest for the purposes of expansion, automation, modernization or diversification of its existing business into any related products within the same industry

Supplier Locations



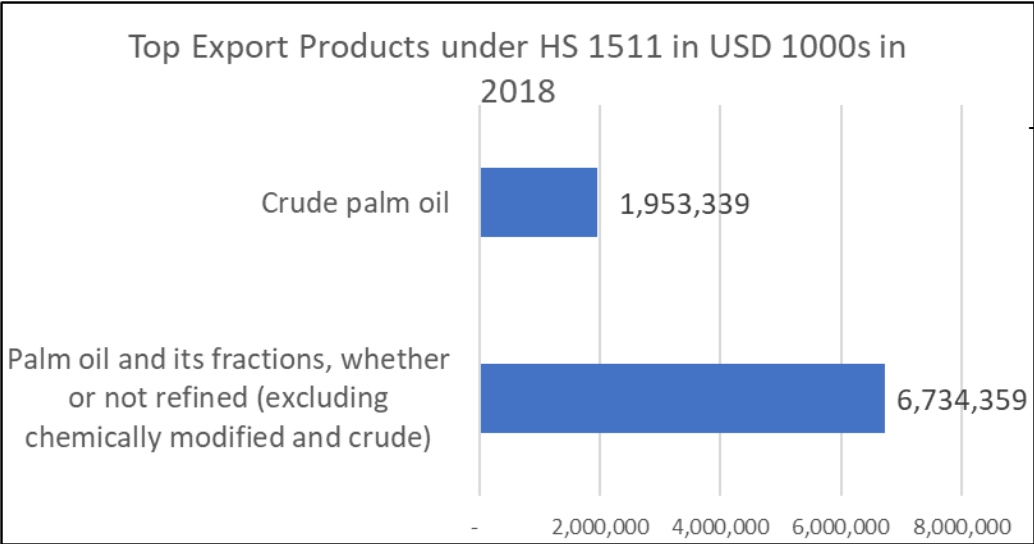
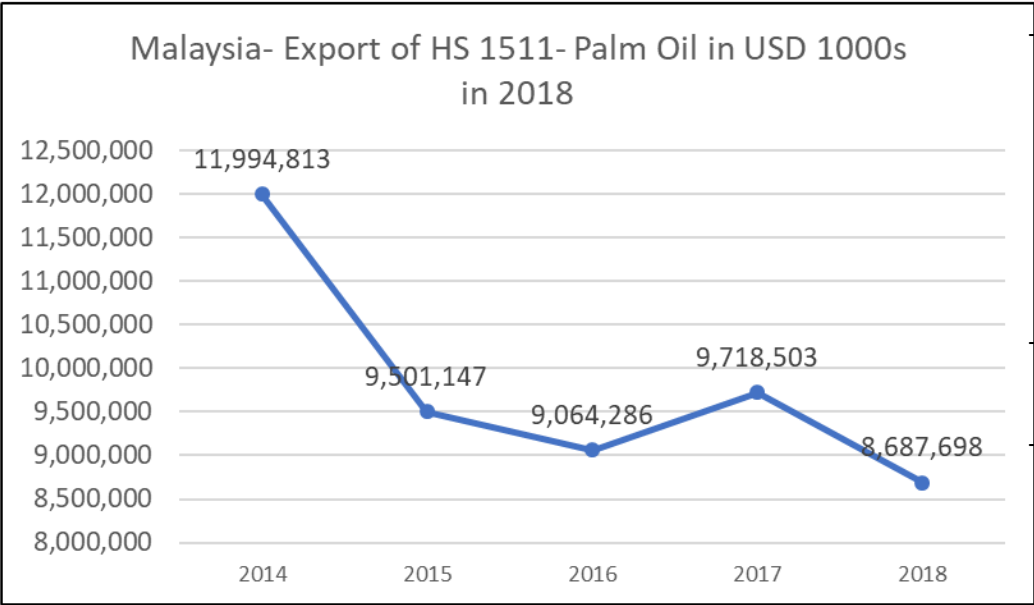
Source: Dragon Sourcing Supplier Survey



PALM OIL



Palm Oil - Market Trends



No import duty is levied on imports of palm oil from Malaysia into EU except for the crude palm oil that is not used for technical or industrial use. These products import duties range from 3.80% to 12.8%.

No import duty is levied for imports in to the US

Malaysia had last imposed an export tax of 4.5% in August 2018 before lowering it to zero. It then placed a tax-free exemption on crude palm oil from May to December 2019 in a move to boost palm oil exports and expand into new markets

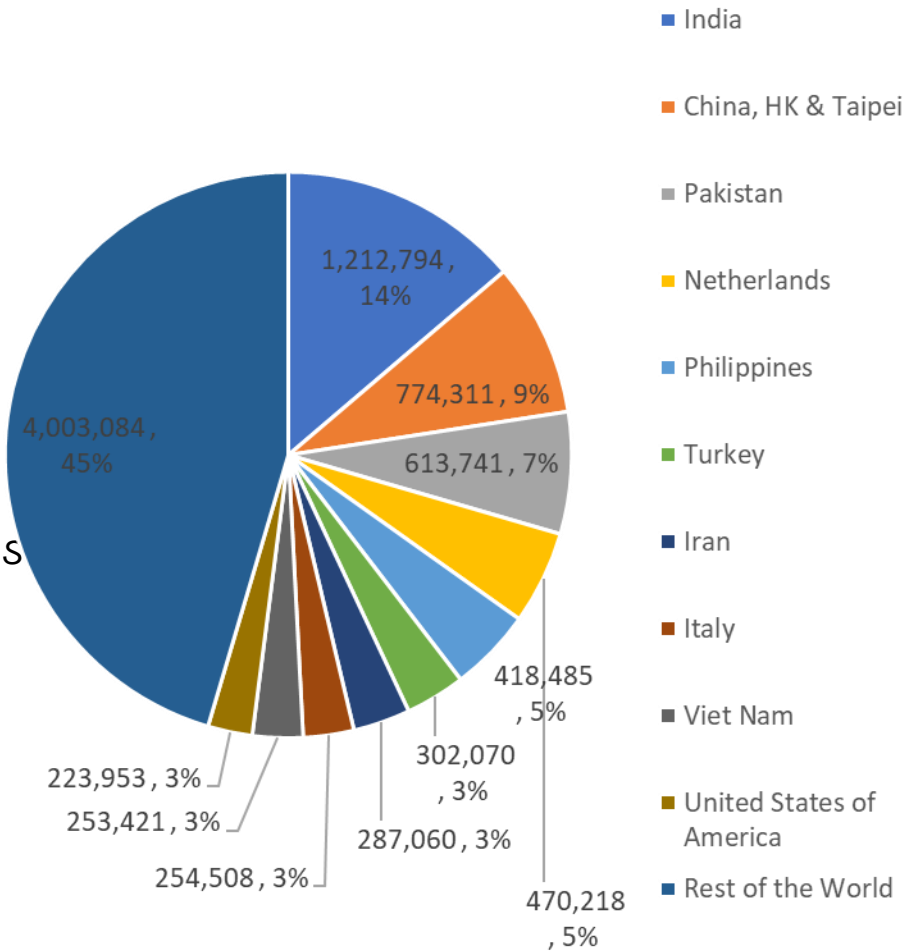
This was done as India, the largest consumer of Palm Oil in the World, banned import of Malaysian Palm Oil in Dec 2019, forcing Malaysia to look for other customers

Source: International Trade Centre



Palm Oil - Suppliers in Malaysia

Top Importers of HS 1511 Series from Malaysia in 2018 in USD 1000s and in %



Supplier Locations



Source: Dragon Sourcing Supplier Survey

–DSL’s initial research on the suppliers listed in trade databases indicated a presence of around 1760 suppliers, both manufacturers and traders located throughout the country.

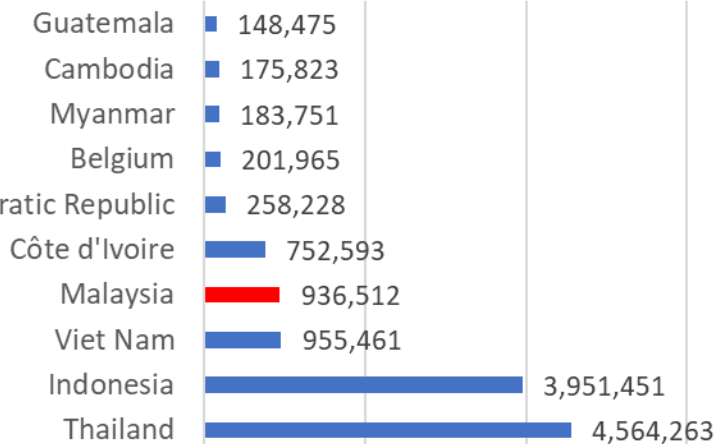


RUBBER

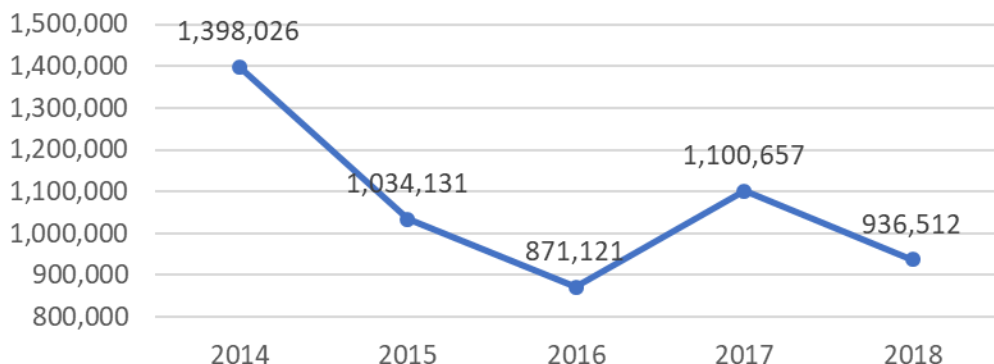


Rubber - Market Trends

Top 10 Natural Rubber Exporting Countries in USD
1000s in 2018



Malaysia- Export of Natural Rubber and Products in
USD 1000s in 2018



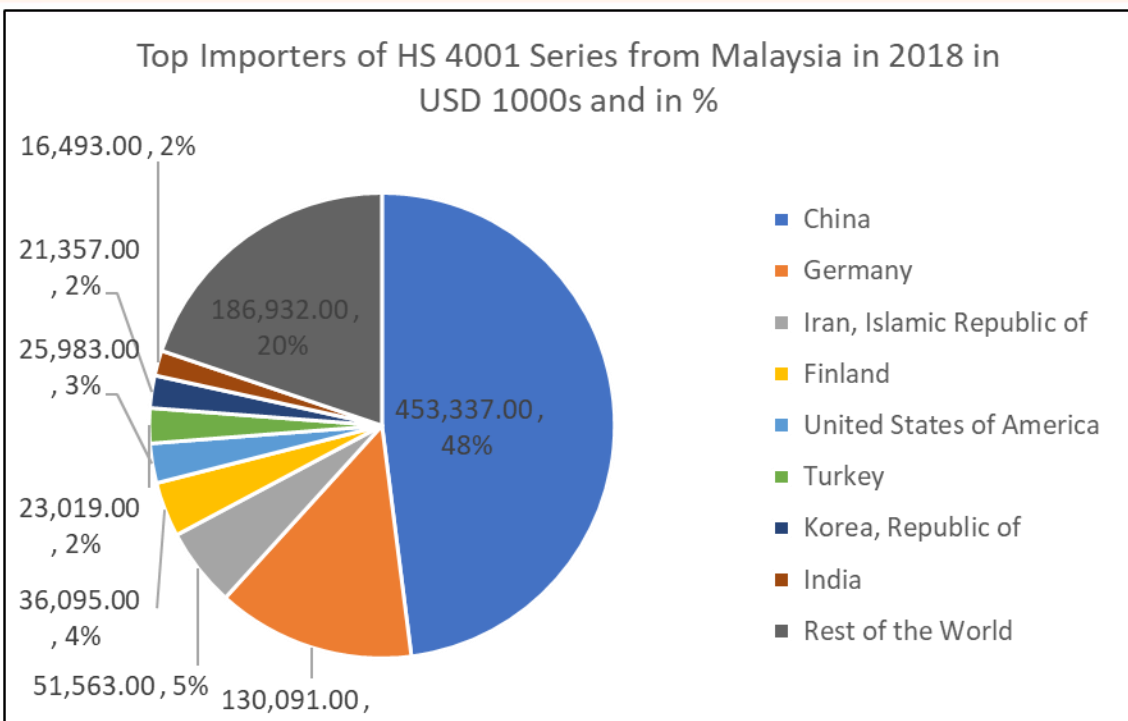
Source: International Trade Centre

- No import duty is levied on imports of Natural Rubber from Malaysia into EU and to US
- Malaysia produced 996,000 tons of Natural Rubber (HS 4001) in 2011. Its major partners are China, US, Germany, Japan, Brazil and UK.
- Malaysia is currently the third largest producer of natural rubber. Besides natural rubber, Malaysia also export higher value-added rubber products such as rubber examination and surgical gloves as well as automotive components, beltings and hoses
- The Malaysian rubber products industry is made up of more than 500 manufacturers producing latex products; tyres and tyre-related products; and industrial and general rubber products. The industry contributed 18.1 billion to the country's export earnings
- There are currently 120 companies in the tyres and tyre-related products sub-sector comprising nine tyre producers while the remaining companies produce retreads, tyre treads for retreading, valves and other accessories. There are three major tyre producers producing passenger car tyres, commercial vehicle tyres and earthmover tyres, and another nine manufacturing other types of tyres.



Rubber - Suppliers in Malaysia

Supplier Locations



Source: International Trade Centre

Source: Dragon Sourcing Supplier Survey

–DSL’s initial research on the suppliers listed in trade databases indicated a presence of around 1366 suppliers, both manufacturers and traders located throughout the country. Malaysia currently have an area of more than 1 million hectares for growing rubber (38% Thailand rubber area) in which 64% are being tapped. Rubber yield in Malaysia is around 1,500 kg/ha lower than Thailand 1,800kg/ha and much higher than Indonesia 883kg/ha.

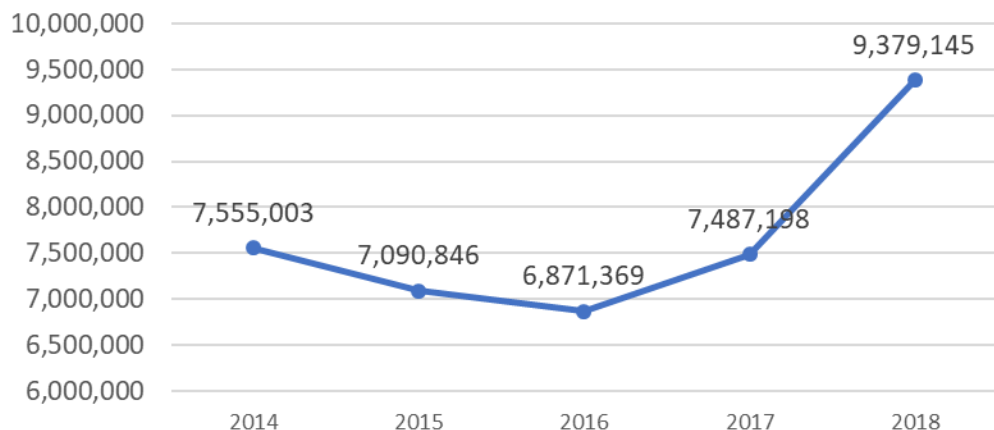


PLASTIC PRODUCTS

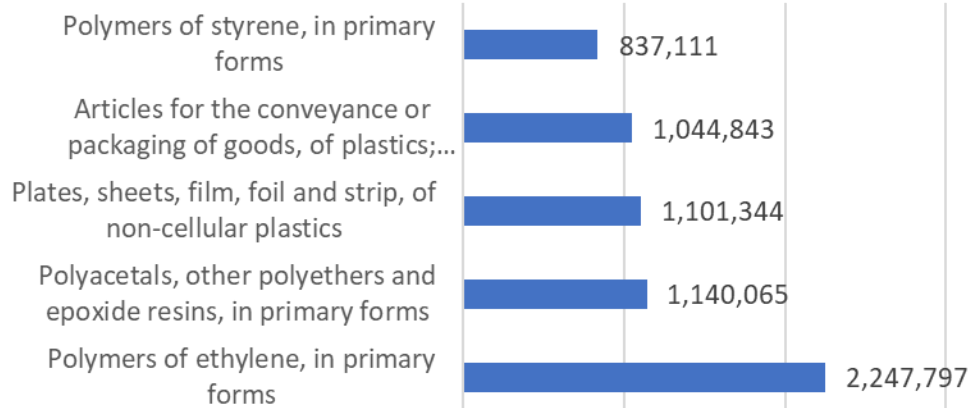


Plastic Products - Market Trends

Malaysia Export of HS 39 Series- Plastics and Plastic Products in USD 1000s in 2018



Top Export Products under HS 39 Series in USD 1000s in 2018



- In 2017, Malaysia's plastics industry posted a 9.1% growth in turnover to M\$29.8bn, with exports up 11.2% at M\$14.6bn. Malaysia, which is a major exporter of plastic bags, counts the EU as a big market for its plastics exports – which until 2018 had been growing at a rate of 5-10%
- The country's plastics shipments in 2018 were flat at Malaysian ringgit (M\$) 14.6bn, weighed down by a contraction in exports of plastic bags following restrictions in the EU on the use of single-use plastics to reduce marine litter
- An import duty of 0-6.5% is levied on exports of Natural Rubber from Malaysia into EU and to US, depending on the type of product
- Malaysia produced more than USD 2 billion by value of Plastic Packaging Goods (HS 3923) in 2011. Its major partners are China, Singapore, Indonesia, Japan, Hong Kong and Thailand.
- The Malaysian plastic industry has developed into a highly diversified sector whose products include automotive components, electrical & electronic parts, construction material, household goods, bathroom accessories, packaging material, etc. With the stable supply of 2 million tons of locally produced resin, the production of these value added finished products has been increasing over the last years and the trend is anticipated to continue strongly in next years

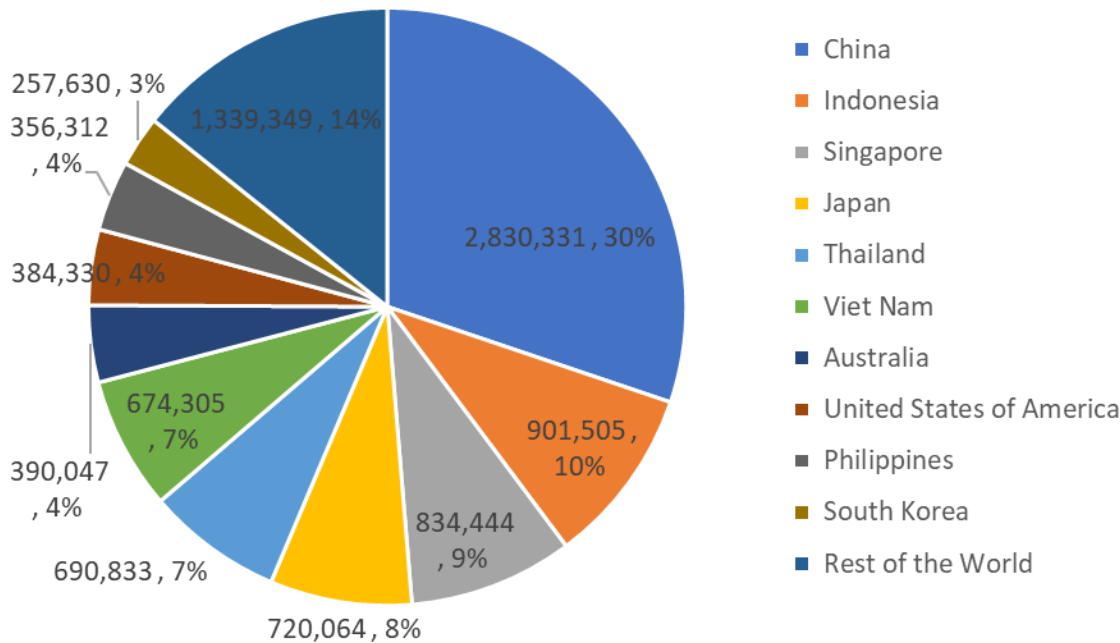
Source: International Trade Centre



Plastic Products - Suppliers in Malaysia

Supplier Locations

Top Importers of HS 39 Series (Plastics and Plastic Products) from Malaysia in 2018 in USD 1000s and in %



Source: Dragon Sourcing Supplier Survey

Source: International Trade Centre

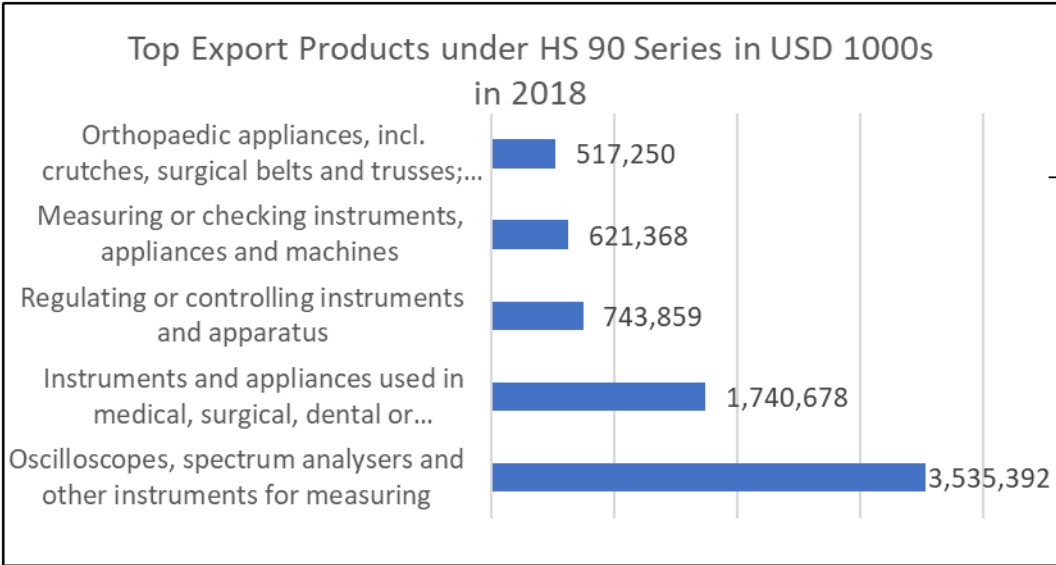
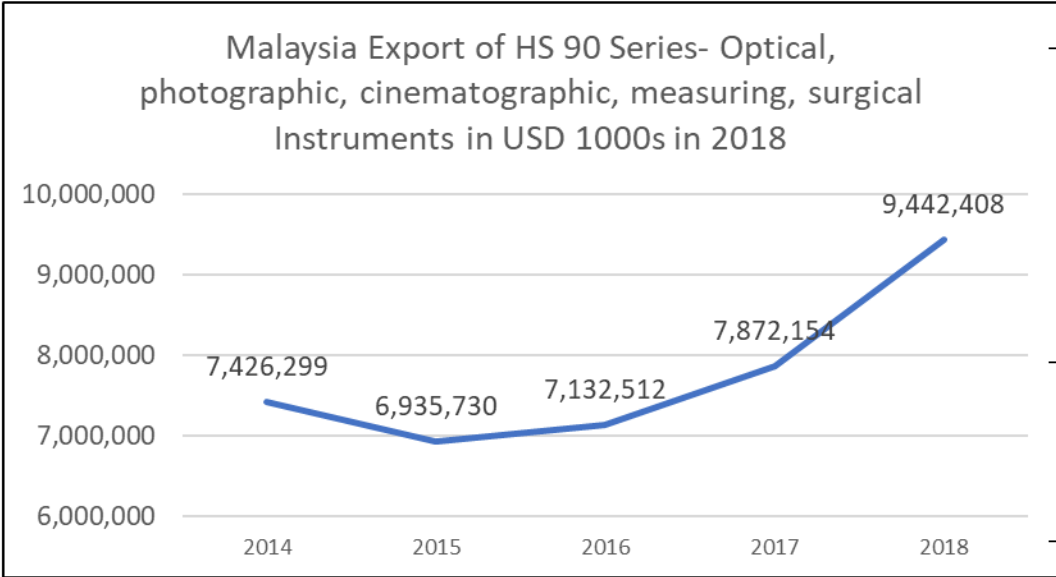
–DSL’s initial research on the suppliers listed in trade databases indicated a presence of around 2,740 suppliers including 1,550 manufacturers located throughout the country.



OPTICAL & MEDICAL EQUIPMENTS



Optical and Medical Equipments - Market Trends



In 2018, the total trade for Malaysia’s medical device industry was USD\$2.47 billion and it imported USD\$7,250 million of medical devices. U.S. products represented 24.6 percent of the import market and the U.S. was the top exporting country of medical devices to Malaysia in the same year

An import duty of 0-6.7% is levied on imports of Optical & Medical Equipment from Malaysia into EU and 0-16% to US, depending on the type of the product

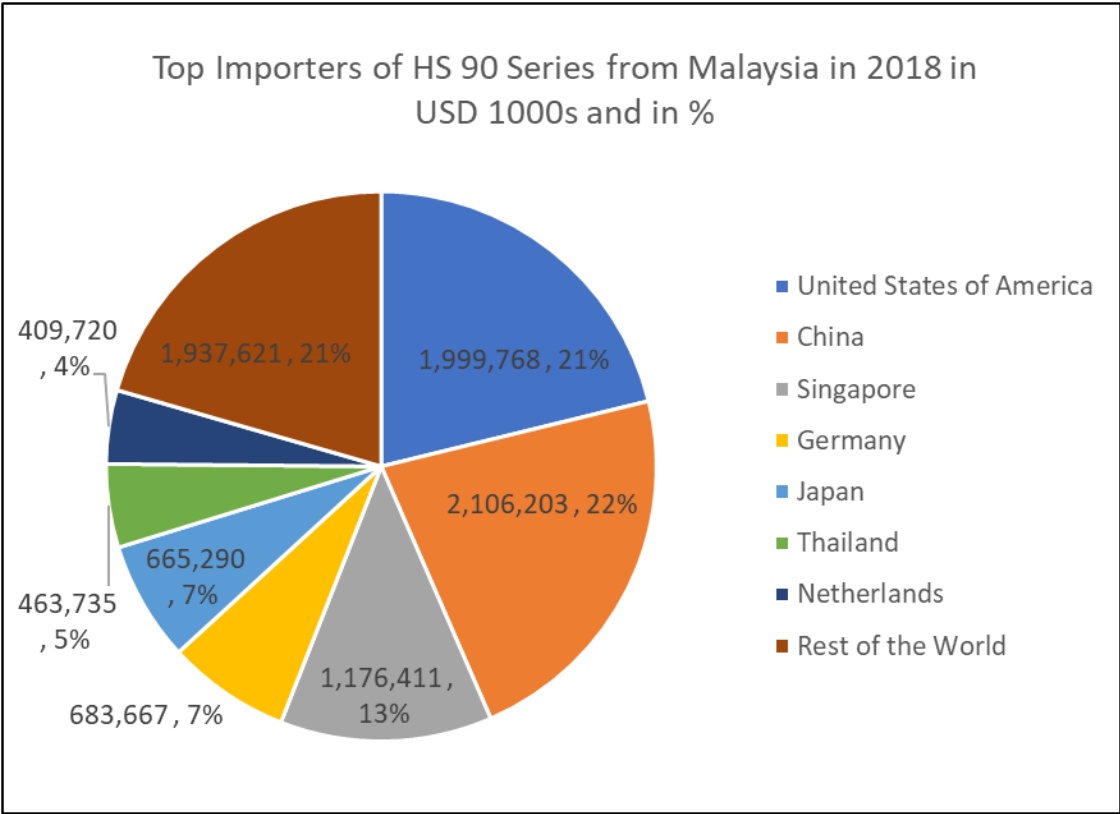
Malaysia produced nearly USD 900 million by value of Optical Instruments for measuring and Testing (HS 9031) in 2011. Its major partners are US, Japan, China, Singapore, Netherlands and Thailand.

Malaysia developed a highly diversified sector of Optical & Medical Equipment including implantable devices; orthopedic devices; dialyzers to diagnostic imaging equipment and minimal invasive surgical equipment, etc. The industry will continue growing as current suppliers keep expanding their operation and new facilities are being established in the country.

Source: International Trade Centre



Optical and Medical Equipments - Suppliers in Malaysia



Source: International Trade Centre



Source: Dragon Sourcing Supplier Survey

–DSL’s initial research on the suppliers listed in trade databases indicated a presence of around 221 suppliers both manufacturers and traders located throughout the country.

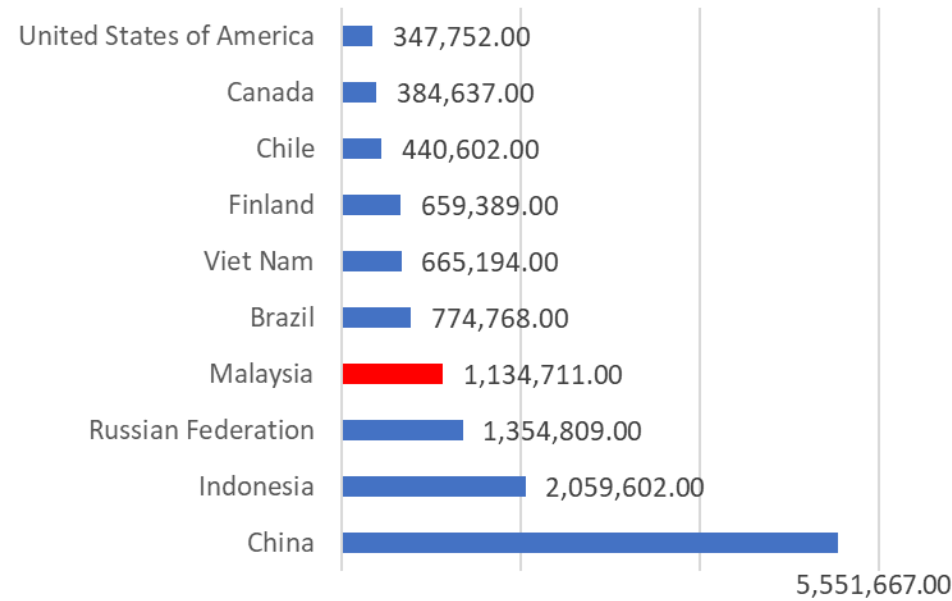


PLYWOOD

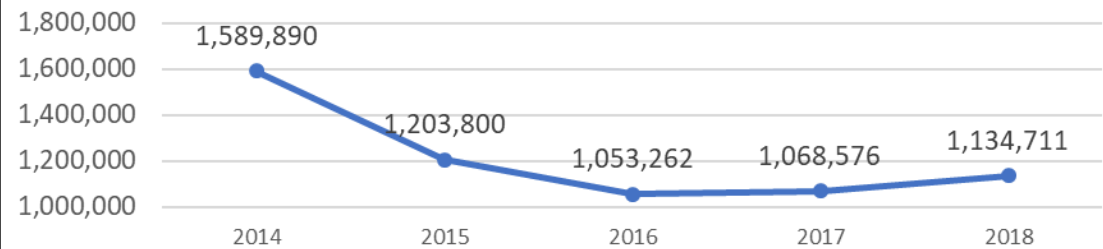


Plywood - Market Trends

Top Export Products under HS 4412- Plywood in USD 1000s in 2018



Malaysia- Export of HS 4412- Plywood in USD 1000s



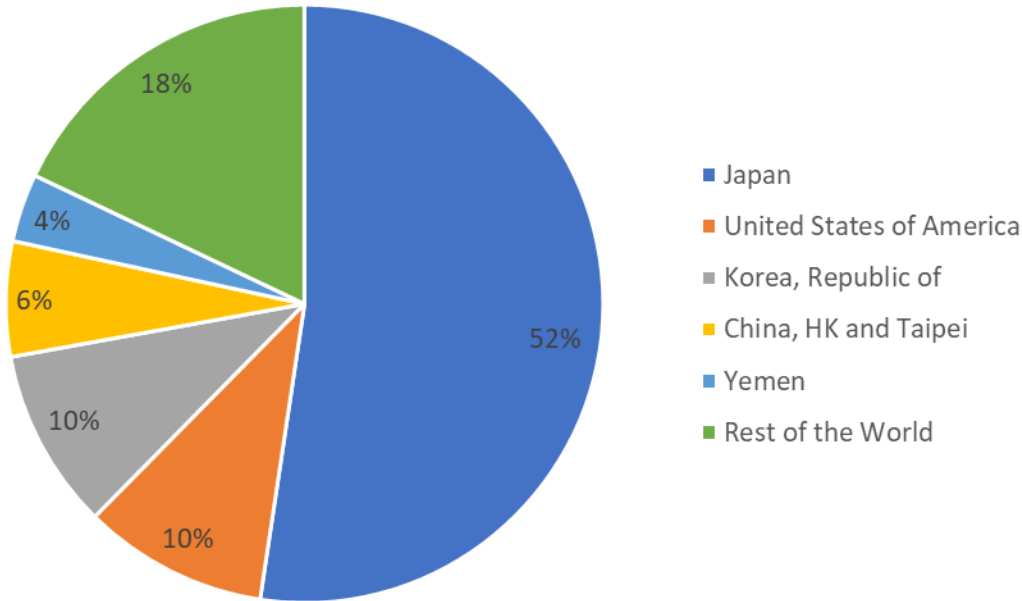
- An import duty of 0-10% is levied on imports of Plywood from Malaysia into EU and 0-10.7% to US, depending on the type of the product
- Malaysia produced nearly 4 million m³ of Plywood (HS 4412) in 2011. Its major partners are Japan, India, Taipei, Korea, China and the US.
- The range of plywood produced includes common veneer-faced plywood, overlaid plywood such as printed paper and polyester plywood, plywood for concrete formwork and marine plywood. Currently, Malaysia is the largest exporter of tropical plywood in the world. The continuous demand in the global market for plywood due to its widespread usage will drive it to more growth in the future.
- Japan's import of plywood from Malaysia declined in 2018 this year because of increasing prices. Malaysia, the single largest plywood exporter to Japan, shipped about 1.06 million cu m to that country in 2018, which was a drop of 10.8 percent from 2017.

Source: International Trade Centre



Plywood - Suppliers in Malaysia

Top Importers of HS 4412 Series from Malaysia in 2018 in USD 1000s



Source: International Trade Centre

Supplier Locations



Source: Dragon Sourcing Supplier Survey

–DSL’s initial research on the suppliers listed in trade databases indicated a presence of around 246 suppliers both manufacturers and traders located throughout the country.

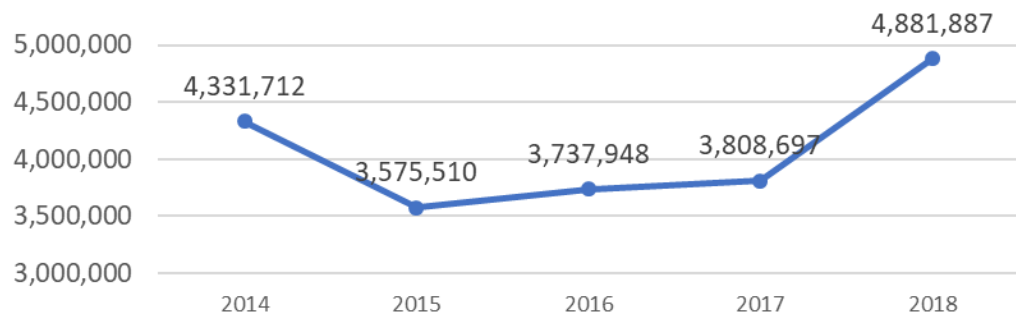


CHEMICALS



Chemicals - Market Trends

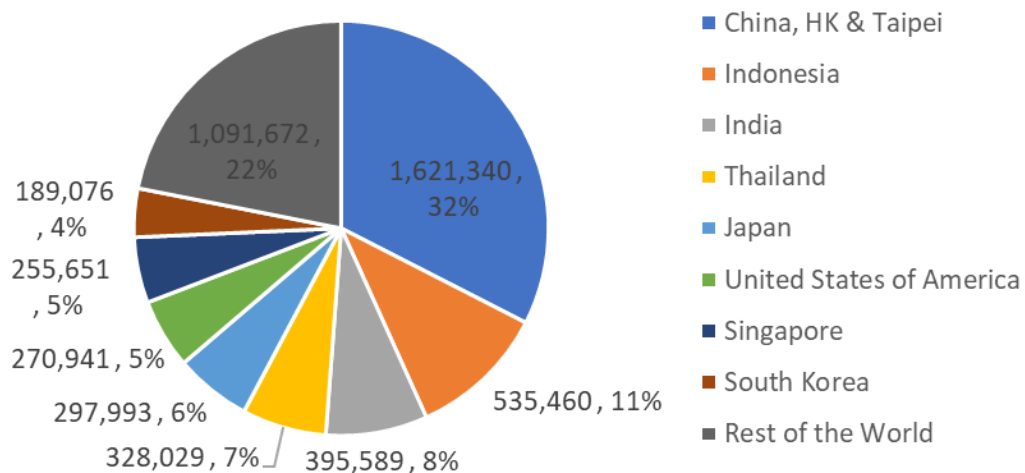
Malaysia Export of HS 29 Series- Organic Chemicals in USD 1000s in 2018



Malaysia is a net exporter of both Organic and Inorganic Chemicals.

A general import duty of 0-6.5% is levied on imports of Chemicals from Malaysia into EU and US, depending on the product type

Top Importers of HS 29 Series (Organic Chemicals) from Malaysia in 2018 in USD 1000s and in %



Malaysia produced USD 10.6 billion by value of Basic Industrial Chemicals in 2017. Its major partners are China, India, Indonesia, Singapore, Japan and Thailand.

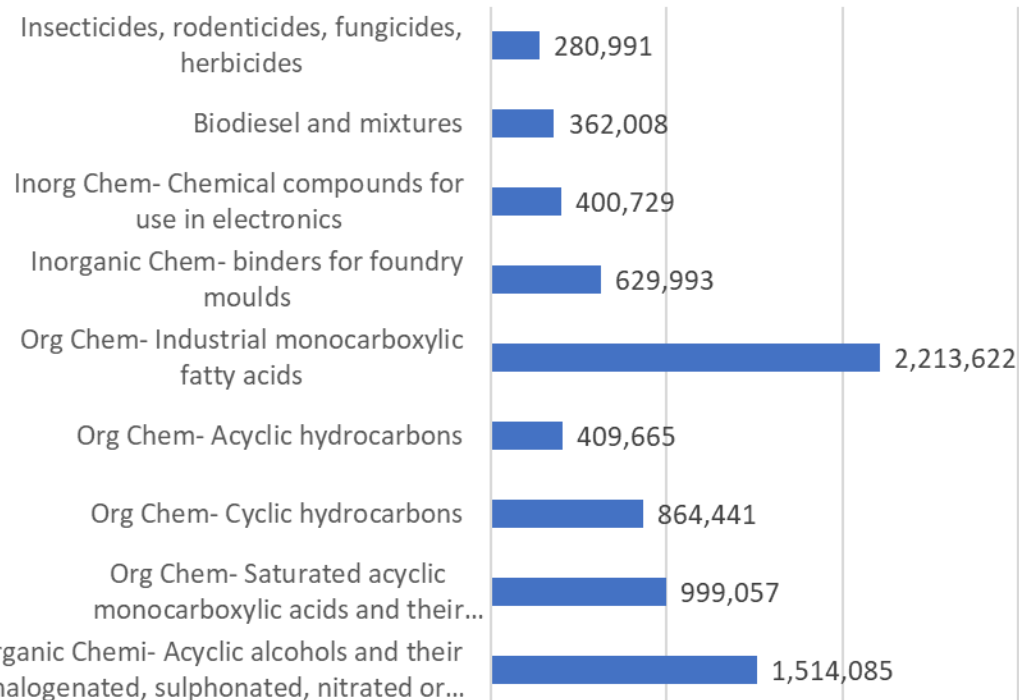
Malaysian chemicals include agriculture chemicals; organic and inorganic chemicals and other sub-chemical products. The new capacity expansion and established plants is expected to make Malaysia a strong player in the chemical world.

Source: International Trade Centre



Chemicals- Suppliers in Malaysia

Top Export Products under HS 29 & 38 Series- Chemicals in USD 1000s in 2018



Source: International Trade Centre

Supplier Locations



Source: Dragon Sourcing Supplier Survey

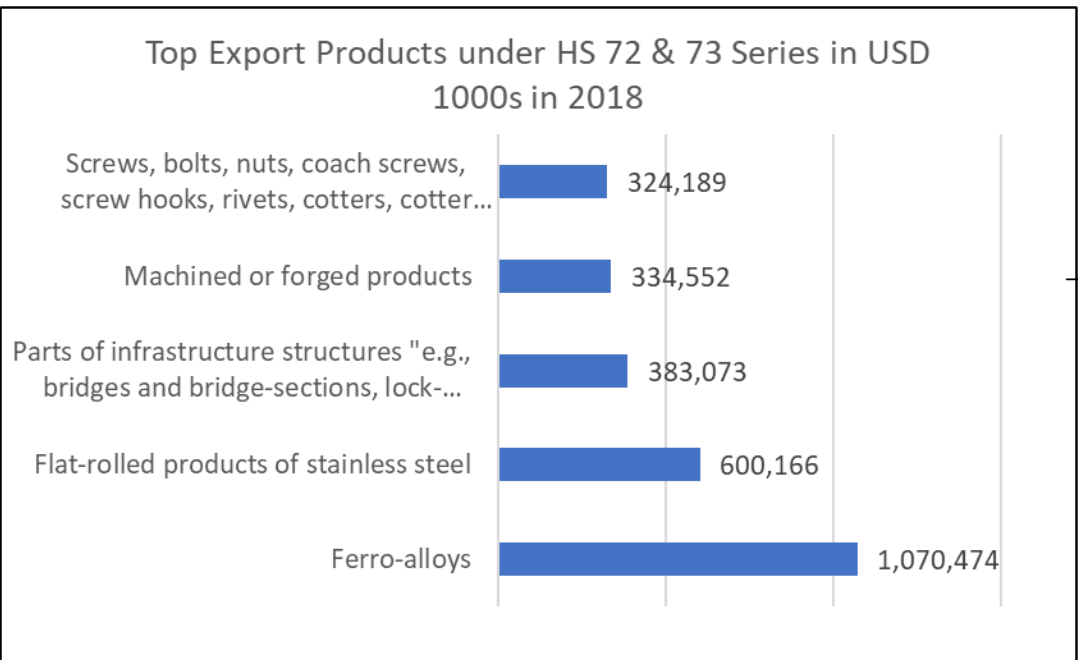
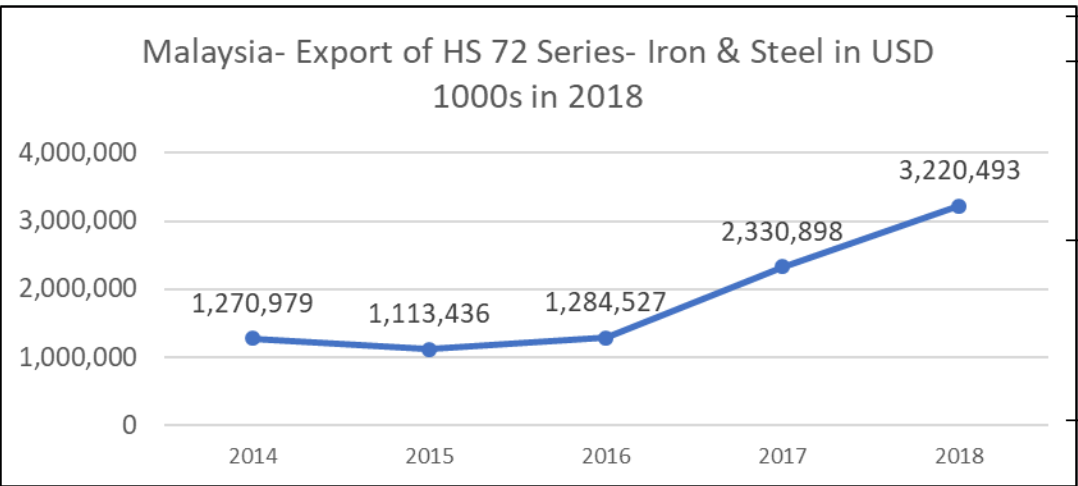
–DSL’s initial research on the suppliers listed in trade databases indicated a presence of around 1,218 suppliers both manufacturers and traders located throughout the country.



IRON & STEEL AND IRON &STEEL PRODUCTS



Iron & Steel and Iron & Steel Products - Market Trends



A general import duty of 0-7% is levied on imports of Iron & Steel and its products from Malaysia into EU and 0-12.5% to US depending on the type of the product

Malaysia produced more than 2.2 million tons of Iron & steel (HS 7213) in 2010. Its major partners are Vietnam, Indonesia, Singapore, Thailand, India and US.

Malaysia's domestic steel demand is largely driven by long steel products, which totaled 5.35 million mt and comprised 57% of the country's total steel consumption in 2017, data from the Malaysian Iron and Steel Industry Federation showed. About 67% of Malaysia's long steel demand is met by local production and the balance 33% by imports

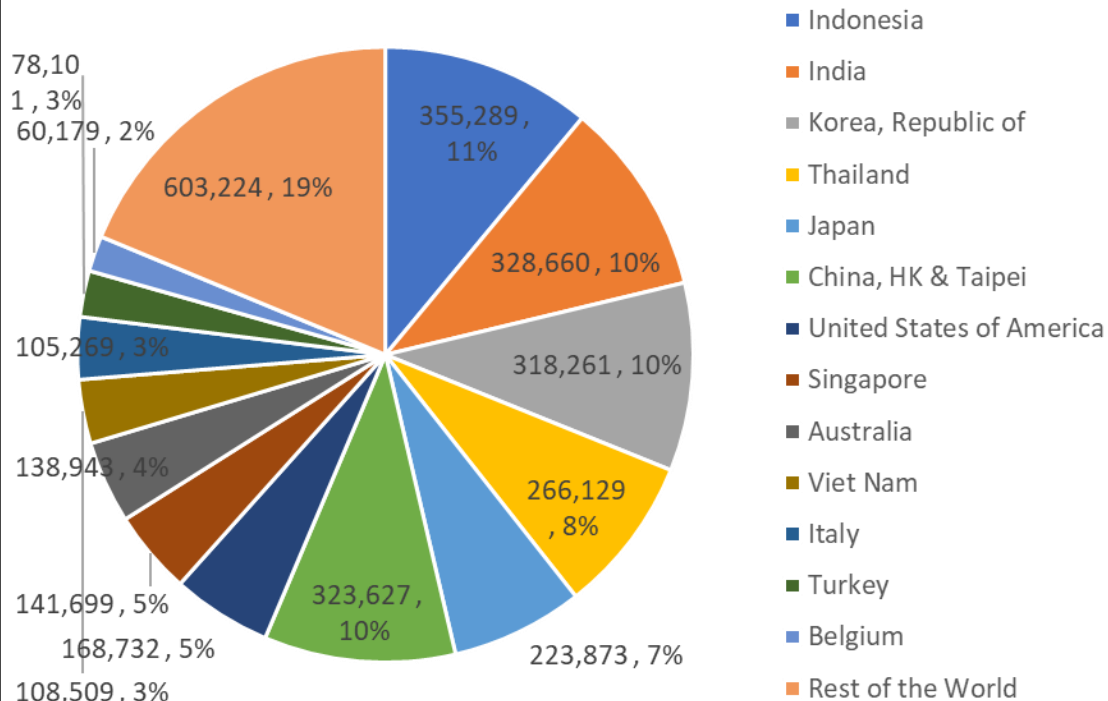
The industry is expanding its products processes towards higher quality products for both downstream and upstream activities. Malaysian iron & steel and its products face stiff competition from China, Indonesia and Vietnam as the AFTA has been effective from January 2010. However, it is believed that the industry will continue to grow with strong demand coming from domestic and overseas market.

Source: International Trade Centre



Iron & Steel and Iron & Steel Products - Suppliers in Malaysia

Top Importers of HS 72 Series (Iron & Steel) from Malaysia
in 2018 in USD 1000s and in %



Source: International Trade Centre

–DSL's initial research on the suppliers listed in trade databases indicated a presence of around 112 suppliers almost manufacturers located throughout the country.

Supplier Locations



Source: Dragon Sourcing Supplier Survey



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